



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2008	Preceding Year Corresponding Quarter 30/06/2007	Current Year To Date 30/06/2008	Preceding Year Corresponding Period 30/06/2007
	RM'000	RM'000	RM'000	RM'000
REVENUE	30,062	29,810	56,101	55,297
COST OF SALES	(25,741)	(22,864)	(47,202)	(42,236)
GROSS PROFIT	4,321	6,946	8,899	13,061
OTHER INCOME	317	2,171	464	2,662
SELLING AND MARKETING EXPENSES	(1,470)	(1,673)	(2,142)	(3,310)
ADMINISTRATIVE EXPENSES	(1,106)	(795)	(2,571)	(2,004)
PROFIT FROM OPERATIONS	2,062	6,649	4,650	10,409
FINANCE COSTS	(1,950)	(2,453)	(3,967)	(4,061)
PROFIT BEFORE TAXATION	112	4,196	683	6,348
INCOME TAX	4,318	(953)	3,888	(1,910)
PROFIT FOR THE PERIOD	4,430	3,243	4,571	4,438
Attributable to:				
Equity holders of the parent	4,430	3,140	4,571	4,273
Minority Interest	-	103	-	165
PROFIT FOR THE PERIOD	4,430	3,243	4,571	4,438
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (SEN) :				
- Basic	2.11	1.49	2.18	2.03
- Diluted	1.53	1.09	1.57	1.47

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED BALANCE SHEET

	As At 30/06/2008 (Unaudited) RM'000	As At 31/12/2007 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	88,787	80,201
Prepaid land lease payments	16,962	17,012
Biological assets	24	16
Goodwill on consolidation	98,426	98,426
Deferred tax assets	180	311
	<u>204,379</u>	<u>195,966</u>
Current Assets		
Property development costs	10,269	10,121
Inventories	25,010	19,965
Trade receivables	21,489	31,759
Other receivables	45,386	46,043
Cash and bank balances	12,747	19,513
	<u>114,901</u>	<u>127,401</u>
TOTAL ASSETS	<u>319,280</u>	<u>323,367</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	105,050	105,050
Share premium	33,766	33,766
Other reserve	5,805	5,805
Retained earnings	49,161	44,590
Total Equity	<u>193,782</u>	<u>189,211</u>
Non-Current Liabilities		
Borrowings	82,860	82,852
Deferred tax liabilities	6,096	9,608
	<u>88,956</u>	<u>92,460</u>
Current Liabilities		
Borrowings	20,084	27,433
Trade payables	4,475	1,158
Other payables	11,492	10,969
Tax payable	491	2,136
	<u>36,542</u>	<u>41,696</u>
Total Liabilities	<u>125,498</u>	<u>134,156</u>
TOTAL EQUITY AND LIABILITIES	<u>319,280</u>	<u>323,367</u>
Net Assets Per Share (Sen)	89.47	87.29

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent				TOTAL	Minority Interest	Total Equity
	Non-Distributable		Distributable				
	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVE	RETAINED EARNINGS			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	105,050	33,766	5,805	34,150	178,771	2,288	181,059
Profit for the period	-	-	-	4,273	4,273	165	4,438
At 30 June 2007	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>38,423</u>	<u>183,044</u>	<u>2,453</u>	<u>185,497</u>
At 1 January 2008	105,050	33,766	5,805	44,590	189,211	-	189,211
Profit for the period	-	-	-	4,571	4,571	-	4,571
At 30 June 2008	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>49,161</u>	<u>193,782</u>	<u>-</u>	<u>193,782</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30/06/2008	30/06/2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	683	6,348
Adjustments for:		
Depreciation of property, plant and equipment	2,820	2,430
Gain on disposal of property, plant and equipment	(119)	(8)
Property, plant and equipment written off	-	22
Income received from investment in money market instruments	-	(144)
Interest income	(264)	(655)
Finance costs	3,967	4,060
Operating profit before working capital changes	7,087	12,053
(Increase) / decrease in inventories	(5,045)	6,624
Decrease / (increase) in receivables	11,592	(23,790)
Increase in payables	3,827	1,545
Development costs incurred	(148)	-
Cash generated from / (used in) operations	17,313	(3,568)
Interest paid	(4,619)	(3,994)
Income tax paid	(1,138)	(38)
Net cash generated from / (used in) operating activities	11,556	(7,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,565)	(3,537)
Purchase of prepaid land lease payments	-	(9,798)
Payment for planting expenditure	(5)	-
Proceeds from disposal of property, plant and equipment	385	147
Interest received	264	655
Income received from investment in money market instruments	-	144
Net cash used in investing activities	(10,921)	(12,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from MUNIF	-	20,000
Repayment of hire purchase liabilities	(31)	-
Repayment of export credit refinancing	(7,370)	-
Net cash (used in) / generated from financing activities	(7,401)	20,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(6,766)	11
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	19,513	60,062
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,747	60,073

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"), amendment to FRS and Interpretations effective for the financial period beginning on or after 1 July 2007 :

FRS 107 :	Cash Flow Statements
FRS 111 :	Construction Contracts
FRS 112 :	Income Taxes
FRS 118 :	Revenue
FRS 120 :	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 :	Interim Financial Reporting
FRS 137 :	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 :	The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1 :	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 :	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 :	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6 :	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7 :	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8 :	Scope of FRS 2

The Group has not elected for the early adoption of the following FRS which was in issue but not yet effective at the date of issue of these interim financial statements.

FRS 139 :	Financial Instruments: Recognition and Measurement
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The adoption of the above new/revised FRS, amendment to FRS and Interpretations does not have significant financial impact on the Group.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding annual financial statements was not qualified.

A4. Segmental Information

The company is principally operating in one industry. As a result, no segmental reporting is disclosed.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review.

A6. Changes in Estimates

There were no other changes in estimates that have a material effect in the current quarter results.

A7. Seasonal and Cyclical Factors

Timbers industry is to a certain extent affected by weather conditions especially on the supply of logs.

A8. Dividend Paid

No dividend was paid during the financial quarter under review.

A9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the preceding annual financial statements.

A10. Debt and Equities Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A11. Changes in Composition of the Group

There were no change in the composition of the Group during the current quarter under review.

A12. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the current quarter as at 30 June 2008 is as follows:

	RM'000
Approved and contracted for	<u>484</u>

A13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at the date of this report.

A14. Subsequent Events

There were no material events subsequent to the end of the current quarter ended 30 June 2008.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of Performance

The Group's recorded revenue of RM56.1 million for the current financial period ended 30 June 2008 as compared to RM55.3 million in the prior financial period ended 30 June 2007.

However, the Group's profit before taxation has decreased from RM6.3 million for the prior financial period ended 30 June 2007 to RM0.7 million for the current financial period ended 30 June 2008, a decrease of 89% is mainly attributed to higher operating and administrative costs incurred during the current financial period.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B2. Variation of Result to Immediate Preceding Quarter

For the current quarter ended 30 June 2008, the Group's revenue has increased to RM30.1 million from RM26.0 million for the immediate preceding quarter ended 31 March 2008 due to demand for the Group's timber continue to be strong.

However, the Group's profit before taxation has decreased by 80% to RM0.1 million from RM0.6 million for the respective quarters due to higher operating and administrative costs incurred during the current quarter.

B3. Company's Prospects

The directors are of the opinion that the performance for the remaining period to the end of financial year is dependent on external factors affecting prices and demand for panel products, moulding products and logs.

B4. Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5. Income tax

	Current Quarter 30/06/2008 RM'000	Current Year To Date 30/06/2008 RM'000
Current taxation	5	5
Deferred taxation	(3,843)	(3,381)
Over provision in prior year	(480)	(512)
	<u>(4,318)</u>	<u>(3,888)</u>

The effective tax rate for the current quarter and current year to date is lower than the statutory tax rate due to the utilisation of available allowances which can be set off against taxable profits.

B6. Profit or Loss on Sale of Unquoted Investment and Properties

There were no sales of unquoted investments and properties during the current quarter under review.

B7. Quoted Securities

There were no purchases or disposal of quoted securities during the current financial year.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B8. Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report except for the following:

The Company has in 2005 obtained approvals from Foreign Investment Committee ("FIC"), Securities Commission ("SC"), shareholders of the Company and Bursa Malaysia Securities Berhad to issue up to 88,354,466 new ordinary shares of RM0.50 each in the Company representing approximately 30% of the enlarged issued and paid-up share capital of the Company after full exercise of the Irredeemable Convertible Preference Shares to investors to be identified ("Private Placement"). On 13 June 2008, the Company submitted an application to the SC for the extension of time from 30 June 2008 to 30 June 2009 to complete the Private Placement. The SC had vide its letter of 1 July 2008 did not approve the application, and the Company submitted an appeal on 24 July 2008 to the SC to reconsider its decision. As at the date of this report, the approval from SC is still pending.

The Private Placement is to enable the Company to raise additional working capital for the Group and also to comply with the Foreign Investment Committee ("FIC")'s equity condition, i.e. to attain 30% Bumiputra equity by 30 June 2011.

B9. Borrowings

	As At 30/06/2008 RM'000	As At 31/12/2007 RM'000
Short term borrowings:		
Secured	<u>20,084</u>	<u>27,433</u>
Long term borrowings:		
Secured	80,224	80,216
Unsecured	<u>2,636</u>	<u>2,636</u>
	<u>82,860</u>	<u>82,852</u>

The unsecured long term borrowings represent the liability component of the Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS"). There were no movements in the ICPS during the current period under review.

All the Group's borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of this report.

B11. Material Litigation

There was no pending material litigation at the date of this report.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B12. Dividend Declared

There was no dividend declared for the financial quarter under review.

B13. Earnings Per Share

The basic earning per share amounts are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2008	Preceding Year Corresponding Quarter 30/06/2007	Current Year To Date 30/06/2008	Preceding Year Corresponding Period 30/06/2007
Basic				
Profit attributable to equity holders of the parent (RM'000)	<u>4,430</u>	<u>3,140</u>	<u>4,571</u>	<u>4,273</u>
Weighted average number of ordinary shares in issue ('000)	<u>210,100</u>	<u>210,100</u>	<u>210,100</u>	<u>210,100</u>
Basic earnings per share (Sen)	2.11	1.49	2.18	2.03
Diluted				
Profit attributable to equity holders of the parent (RM'000)	4,430	3,140	4,571	4,273
Adjustment for after-tax effect of interest expense on ICPS (RM'000)	66	66	66	66
Adjusted profit attributable to equity holders of the parent (RM'000)	<u>4,496</u>	<u>3,206</u>	<u>4,637</u>	<u>4,339</u>
Weighted average number of ordinary shares in issue ('000)	210,100	210,100	210,100	210,100
Adjustment for assumed conversion of ICPS ('000)	84,415	84,415	84,415	84,415
Diluted weighted average number of ordinary shares in issue ('000)	<u>294,515</u>	<u>294,515</u>	<u>294,515</u>	<u>294,515</u>
Diluted earnings per share (Sen)	1.53	1.09	1.57	1.47